CSR practices in BIMB: factors and benefits

Fathiyyah Abu Bakar and Mohd 'Atef Md Yusof
College of Business
Univesiti Utara Malaysia, Malaysia

Abstract

Purpose - Most companies are now looking forward to manage CSR initiatives in a strategic way. However, the process of managing such initiatives is still a black box in academic literature. Therefore, the purpose of this study is to gain insights into the practices and management of CSR initiatives in Bank Islam Malaysia Berhad (BIMB) as well as to understand the factors and benefits of engaging and sustaining such activities.

Design/methodology/approach - By using case study approach, a group of key players in planning, implementing and also recipients of CSR initiatives were interviewed. In addition, some in-field observations on CSR events as well as documentation analysis were employed to propose a framework on CSR management process in Islamic perspective.

Findings - The study suggests that the CSR practices have been shifted to systematic approach and are well planned. These interesting findings provide an avenue to draw a conceptual framework in managing CSR initiatives. Commitments and supports from all members in the bank are among the factors that improve the image of the bank and also for the long term sustainability.

Originality/value - CSR practices in Bank Islam are highly associated with *Zakat* and *Zakat* management due to a big portion of CSR fund comes from *Zakat* fund. The findings offer a good opportunity to companies and regulatory bodies to enhance the existing framework on managing CSR as part of their commitment to improve the well-being of community and for business sustainability.

Keywords Corporate social responsibility (CSR), CSR management process, *Zakat*, case study

Paper type Research paper

1

Introduction

In Islamic perspectives, the concept of corporate social responsibility (CSR) needs to be discussed in a holistic view because it is derived from the concept of *Tawhid* (the unity of Allah) where the Allah is the Creator, Owner, Absolute, and Ultimate (Quran, 39:44) and *Shariah Islamiyyah* [1] via the concept of vicegerent (Dusuki, 2008). According to these concepts, man has to maintain a good relationship with Allah (SWT) *(hablun min Allah),* with other human being *(hablun min an-nas)* and also with environment (Afridi & Navaid, 2006; Ahmad, 2001; Hanafy & Sallam, 2001). Therefore, social responsibility is not a new issue in Islamic perspective and any organization that claims following *Shariah* principles in conducting its business should naturally practice CSR (Dusuki & Abdullah, 2007). The connection between the concept of *Tawhid* and *Shariah* are important in discussing ICSR similar to the one proposed by the Accounting, Auditing Organization for Islamic Financial Institutions (AAOIFI) in Accounting, Auditing and Governance Standards (for Islamic financial institution). The standard sets out that the Islamic financial institutions (IFI) need to fulfill five responsibilities in carrying out all social activities: (1) religious responsibility, (2) economic responsibility, (3) legal responsibility, (4) ethical responsibility, and (5) discretionary responsibility. Interestingly, these responsibilities are aligned with the Carroll's (1979) Model which defines social responsibility as consisting of economic, legal, ethical, and discretionary responsibilities. The additional responsibility towards religious in AAOFI standards is to prescribe the connection between the concept of *Tawhid* and ICSR. The religious responsibility in ICSR concept requires managers to comply with all *Shariah* guidelines in conducting business activities and fulfill their social and moral responsibility for the well being of the society. The Islamic concepts of CSR and ICSR have been extensively discussed in previous studies. So, this is the time for companies to practice such concept especially the ones that offer Islamic products and services.

Previously, studies on CSR are more focused on the conceptualization (Carroll, 1979, 1991; Wood, 1991), the key characteristics (Werre, 2003) and also the disclosure and reporting (Amran & Devi, 2007; El-Bannany, 2007; Maali, Casson, & Napier, 2006; Mohd Ghazali, 2007; Reverte, 2009; Said, Hj Zainuddin, & Haron, 2009; Waller & Lanis, 2009), while little attention has been given to the CSR management process, especially in designing and implementing process of CSR (Maon, Lindgreen, & Swaen, 2009) since such processes are not directly observable from outside. Therefore, this study tries to answer the following questions: How does the practice of CSR take place in Bank Islam Malaysia Berhad (BIMB) and what are the factors and benefits of engaging such initiatives. There are several studies such as by Maignan, Ferrell and Ferrell (2005), Maon et al (2009) and Panapanaan, Linnanen, Karvonen and Phan (2003) that propose a managerial framework to implement and practice the desired CSR but these studies are conducted in difference cultural setting which may not reflect the Malaysian economic and culture.

---

[1] Islamic law of human conduct which regulates all matters of Muslim life and derived from Al-Quran and As-Sunnah and Hadith, Ijma and Qiyas and ijtihad

On top of that, while many companies claimed that they are socially responsible companies but actually they do not have effective strategies to manage CSR and take further action to support CSR as business opportunity (Panapanaan, Linnanen, Karvonen, & Phan, 2003). It could due to little has been written about how such commitment should be managed (Hond, Bakker, Neergaard, & Gond, 2007) or implemented (Smith, 2003) in concrete and systematic ways. Hence, this study will try to reduce the gap by discussing CSR from Islamic perspectives and proposes a framework to manage CSR initiatives as well as to gain insight the factors and benefits of engaging and sustaining such initiatives based on a case study. In doing so, the study chooses Bank Islam Malaysia Berhad (BIMB) to accomplish all research objectives. As a pioneer Islamic bank and with almost 30 years experience in Islamic banking and finance industry, the banks is proud to share its experiences and practices to make the public aware of what has been done to be a good corporate citizen which carry the name of Islam.

Furthermore, to gain insights the issues of CSR practices, formal corporate documents such as annual reports, web sites, brochures and advertisement may not be enough to explain how the companies engage and sustain the relationship and contribution to stakeholders (Maignan, Ferrell, & Ferrell, 2005) as these are explicit forms of CSR. In order to understand implicit forms of CSR, conducting interviews with all key players in designing, implementing and receiving CSR initiatives as well as in-field observation are needed to yield meaningful understanding of CSR practices. All of these strategies are employed to draw a managerial framework or guideline to manage CSR practices. Hopefully, this managerial guideline will be very useful for managers, consultants and business leaders who desire to organize and manage a good CSR program or to improve what has been done for CSR activities in order to create sustainability for their businesses in Islamic approach. Moreover, this study will help the Malaysian regulatory bodies in developing and preparing Islamic social responsibility reporting standards and CSR policies to increase companies' awareness and integrate CSR in daily business orientation.

In conducting CSR initiatives, this study believes that several factors (internal and external factors) could be influence the CSR practices in an organization. The degree of influences depends on the nature and types of the business, location, size of CSR fund and also perceptions and understanding of stakeholders towards CSR. This study believes that if the CSR is organized strategically, it is able to improve financial performance (Orlitzky, Schmidt, & Rynes, 2003) by generating favorable stakeholders attitudes and behaviors (e.g.: purchase, employ, investing in the company) and in the long run it will enhance corporate/brand image, strengthen the relationship between stakeholders and company and improve stakeholders' commitments and supports towards the company (Du, Bhattacharya, & Sen, 2010).

The remainder of this study is organized as follows: First, literature review on CSR conception, existing framework on CSR management process as well as factors and benefits of CSR are reviewed. Second, the methodology and details of the case as well as respondents involve in this study are outlined. Third, the findings of the study, including the practices of CSR in BIMB as well as factors and benefits of engaging and sustaining such initiates are discussed. Finally, some concluding remarks are presented.

Literature review

CSR conception

Generally, corporate social responsibility (CSR) issues has been recognized and developed significantly over the last few decades in the business agenda and academic literature (Panapanaan et al., 2003) over the world. There are few terminologies have been introduced in discussing social responsibility of companies such as corporate responsibility (CR), corporate social responsibility (CSR), corporate social performance (Clarkson, 1995; Wood, 1991), corporate social responsiveness, corporate citizenship (Hemphill, 2004) and corporate stakeholder responsibility (Sachs & Maurer, 2009). However, for this study, CSR will be used with assumption that the terminology covers all the above (Argandona & Hoivik, 2009) and some frameworks namely Bursa Malaysia's CSR Framework and CSR: An Implementation for Canadian Business using the same terminology. The terminology and definition of CSR will continue to evolve. Again, there is no universally accepted and clear definition of CSR (Argandona & Hoivik, 2009; Clarkson, 1995; Jamali, 2008; Nehme & Wee, 2008). However, many CSR scholars agree on the principles of CSR which is about doing business sustainability, ethically, responsible to all stakeholders well being and will be influenced by environmental (internal and external) factors (Argandona & Hoivik, 2009; Clarkson, 1995; Panapanaan et al., 2003). Hence, for this study, CSR is defined as doing well for society and business and a collective name for many social activities that companies do for sustainability and reputation in accordance to *Shariah* principles and guidelines.

The concern over business responsibility is also aligned with Islamic values and teachings (Williams & Zinkin, 2010) but unfortunately it is little known about the concept of CSR from Islamic perspectives (Dusuki, 2008; Mohammed, 2007). The concept of ICSR is derived from the *Tawhid* and *Shariah* paradigm (Muhamad, 2007; Muwazir & Muhamad, 2006) as well as four ethical axioms of unity, equilibrium, free will and responsibility (Mohammed, 2007; Naqvi, 1981). In Islamic business world, two practices that have been denoted as social responsibility are payment of *Zakat*[2] (e.g. Quran 2:43; 2:83; and 2:110) and prohibition of usury *(riba)* (e.g. Quran 2:275; 2:278-279; 3:130; 4:161; and 5:62). Furthermore, in Islamic management model, ethical basis and spirituality become a central issue to balance the material and spiritual well-being (Loqman, 2001). Hence, in discussing CSR management process from Islamic perspectives, this study will integrate the commitment of religious responsibility by complying all *Shariah* requirements in designing and implementing CSR as well as incorporating other existing models (Maignan et al., 2005; Maon et al., 2009; Panapanaan et al., 2003; Werre, 2003) to draw the framework.

---

[2] Obligatory charity that imposed to *Muslims* who able to do so. Two types of *zakat*: *zakat al-fitr* and *zakat* on wealth which covers money from business, savings, income and so on.

4

CSR management process

There are several studies that have been conducted to understand the process of managing CSR activities. However, some of these studies only focus on certain area such as in marketing (Maignan et al., 2005), and the proposed frameworks are based on practices of companies in developed countries (Maignan et al., 2005; Maon et al., 2009; Panapanaan et al., 2003; Werre, 2003) except a study from Jamali, Zanhour and Keshishian (2009). Most of these studies are based on Europe which are slightly different in term of socio-economy, culture (Panapanaan et al., 2003), environment and religion as compared to Malaysia which is a developing country with multicultural society dominated by Muslim community.

For instance, Panapanaan, Linnanen, Karvonen and Phan (2003) propose a very comprehensive framework that highlighted the CSR processes and management aspects. In this research, the concept of CSR is very well acceptable, understood and blended in Finland environment and communities and the proposed framework is very useful in that contextual setting because they are ready to practice and sustain in CSR initiatives as compared to Malaysian environment where the level of CSR awareness in Malaysia is still low but they showed positive attitudes in practicing CSR (Abdul Rashid & Ibrahim, 2002; Amran & Siti Nabiha, 2009; Lu & Castka, 2009; Ramasamy & Hung, 2004; Zulkifi & Amran, 2006) although its practices are far behind the international best practices (Bursa Malaysia, 2007).

In a multicultural setting like Malaysia, an organization should carefully analyze the demand and issues of their stakeholders to develop CSR strategic agenda (Maon, Lindgreen, & Swaen, 2008). Freeman (1984) suggested that stakeholders consist of the individuals or groups that can directly or indirectly affect, or be affected by a firm's activities. There two views in grouping the stakeholders: (1) internal or external stakeholders; and (2) primary or secondary stakeholders. The good management system of an organization is reflected on how its stakeholder relationship is managed (Waddock, 2009). Hence, among the key challenge to manage these groups of stakeholders is to ensure a company can fulfill its primary stakeholders' objectives and at the same the other stakeholders are also satisfied with the company's decisions (Carroll, 1989). In Islamic perspective, an organization has a range of responsibilities to various types of stakeholders and these responsibilities are derived from Islamic concept of ethical principles and moral values which promoting social responsibility and justice (Mohammed, 2007). The responsibility of that organization is not only maximizing profits but also has a religious and moral obligation to conduct the business in accordance to *Shariah* and undertake social activities to a range of stakeholders (Haniffa & Hudaib, 2007). Hence, Islam recognizes the right of owners/shareholders to make a profit but not at the expense of the claims of other stakeholders, namely employees, suppliers, customers, society and the environment (Beekun & Badawi, 2005).

Factors and Benefits of CSR engagement

There are several factors that contribute to influence CSR practices. These drivers can be internal and external factors of an organization. Among internal driving factors that can influence CSR practices such as: (i) organization's leadership (Mahalingam, 2009; Malaysian Institute of Management, 2009); (ii) leadership's or top management's values and attitudes towards CSR (Werre, 2003); (iii) nature or type of industries (Amran & Devi, 2008); (iv) cooperation and commitment of all members in that organization by involving and rewarding them (Maignan et al., 2005; Maon et al., 2009; Werre, 2003); (v) employee volunteerism (McElhaney, 2009); (vi) coordination of inter-functional of the organization or between the headquarters and the branches

or subsidiary; and (vii) partnership or joint venture cooperation with external parties such as NGOs, educational institutions, local or federal government is a medium to increase the successfulness of the CSR implementation (McElhaney, 2009). Some of these factors may influence the CSR engagement in Bank Islam such as the value and attitudes of management team towards CSR and also commitment and involvement of all members in the bank. Interestingly, from the findings, size of CSR fund (financial sources) plays an important internal driver to BIMB. Further discussions on these factors will be explained on the findings' section under sub-section CSR engagement factors.

Furthermore, for external driving factors, these include: (i) politic, social and economic (Maon et al., 2009); (ii) business environment such as business risks, changing marketing needs and business competition (Dusuki, 2008; Khoo & Tan, 2002); (iii) local environment such as ethnicities, religions and races (Dusuki & Yusof, 2008; Lu & Castka, 2009; Ramasamy, Ng, & Hung, 2007; Saleh, Zulkifi, & Muhamad, 2010; Zulkifi & Amran, 2006); (iv) pressure from various stakeholders such as NGO, consumers, regulatory bodies and government bodies (Dusuki, 2008; Saleh et al., 2010; Thompson & Zakaria, 2004); and (v) competitive advantage (Dusuki, 2008). All these factors are believed to be motivators for companies to engage and sustain in CSR activities. For Bank Islam, the CSR practices have been influenced by several factors like religious obligation, business environment and pressure from various stakeholders.

Consequently, companies are now aware to integrate CSR in business strategy (Maon et al., 2009) and part of organizational goals (Lee, 2008). Good CSR practices are believed to: (i) improve corporate financial performance (Frooman, 1997; McPeak & Tooley, 2008; Orlitzky et al., 2003; Simpson & Kohers, 2002; Waddock & Graves, 1997); (ii) increase capital or attract investment (Amran & Siti Nabiha, 2009; Saleh et al., 2010); (iii) improve companies' or brand's reputation and image (Abdul Rashid & Ibrahim, 2002; Amran & Siti Nabiha, 2009; Cooke, 2010; Dusuki & Abdullah, 2007; Haniffa & Cooke, 2005; Maignan et al., 2005; Saleh et al., 2010; Zulkifi & Amran, 2006); (iv) promote business sustainability through competitive advantage (Amran & Siti Nabiha, 2009; Dusuki & Abdullah, 2007; McPeak & Tooley, 2008); (v) increase tendency to recruit and retain quality workforce (Cooke, 2010; Maignan et al., 2005; McElhaney, 2009); (vi) improve community's relations and quality of life; and also (vii) help to conserve the environment. Hence, with a bulk of advantages and benefits, all business entities including Bank Islam should naturally practice CSR and embed CSR elements in daily operations and decision makings.

Methodology

A case study is a research method in social science studies (Creswell, 2007; Merriam, 1988; Ryan, Scapens, & Theobald, 2002; Yin, 2009) and interpretive case studies view this world as socially constructed and subjective (Scapens, 2004). This qualitative case study is concerned more on understanding and describing process rather than behavioral outcomes (Merriam, 1988) as well as to explain the reason for observed phenomenon by using *Tawhid* and *Shariah Islamiyyah* paradigm. Islamic banking and finance has been chosen for this study to conceptualize the Islamic perspectives on CSR because this sector is highly prominent sector in economic development of Muslim countries and already recognized at international level in establishing Islamic banking and finance system globally. Furthermore, several studies revealed that this sector is among the sector that has largest percentage of disclosing CSR information (Abdul Rashid & Ibrahim, 2002; Amran & Devi, 2008; Muhammad Jamil, Alwi, & Mohamed,

2003). Hence, Bank Islam Malaysia Berhad (BIMB) has been chosen based on several underlying reasons such as: (1) the bank is Islamic business entity and *Shariah* compliance; (2) the bank has a long experience (30 years experience) in Islamic banking system; (3) the bank engages in CSR activities since the day one of operation (paying business *Zakat*); and (4) the management is willing to share the information. In addition, Islamic banks have a social face (Mohammed, 2007) where they the objectives of the banks are not only making profits but also to help community and environment around.

Typically, most of data collection activities are conducted in a setting or fieldwork for certain period of time to understand the contextual issues or phenomenon. Such activities can be done in a variety of sources for qualitative data such as participant-observation, in-depth, open-ended interviews, questionnaires, and analysis of documentations (Patton, 1990; Scapens, 2004). In particular, 27 respondents who consist of all parties involved in CSR management process in the bank were interviewed by using semi-structured interview settings. These respondents were divided into three groups: namely (1) management team, (2) operational officers, and (3) beneficiaries. Then, the beneficiaries group has been classified into two types: organization beneficiaries - an organization that responsible to manage the benefits and individual beneficiaries - individuals who are receiving that benefits. The beauty of interviewing the beneficiaries is to get their feedbacks and perspectives on the values and the impacts of CSR programs to them. The profile of respondents is in the Appendix 1. In addition, five series of in-field observations of CSR events have been attended as well as CSR documents such as annual reports from 2009 to 2011, project papers, internal documents which the status is private and confidential, brochures, websites, and flyers have been reviewed and analyzed to support the findings.

The data analysis is done manually based on the techniques that have been proposed by Miles and Huberman (1994) and Creswell (2007). Basically, the central steps in analyzing qualitative data are coding the data (reducing the data into meaningful segments and assigning names for the segments), combining the codes into broader categories or themes, and displaying and comparing the data in the form of graphs, tables and charts (Creswell, 2007). Hence, all the data gathered need to be carefully examined to determine any meaningful themes and patterns to discuss on the process of managing CSR initiatives. The themes and patterns can be identified by preparing diagrams or charts to link the various issues from several sources of evidences (Ryan et al., 2002). Besides that, Creswell (2007) suggested that if the case presents a chronology of event, researcher can analyze the multiple sources of data to identify evidence for each step or phase in the evolution of that particular setting (case). Throughout this process, the study has carefully designed, collected, analyzed and maintained the ethical code of research conduct to ensure the validity and reliability. Hence, several techniques have been employed such as data triangulation (Yin, 2009), member checking (Creswell, 2007), designing protocol for interviews and observations, peer reviewed and also creating case study database for data management (Yin, 2009).

Findings and Discussions

CSR is new terminology but old practice
At Bank Islam, CSR has been defined in a various definition and conception. Most of respondents relate the concept of CSR with *Zakat* and *Zakat* management (Respondent1, Respondent 8, Respondent 9, Respondent 12, Respondent 16, Respondent 17 and Respondent 22). For instance, Respondent 1 highlight that; "Actually, I think CSR is *Zakat*. If we based on Islamic, if we can say Islamic CSR...it has started long years ago. Islam fully promotes .... that is why we have *Zakat*. We do not term it as CSR. We name it as *Zakat*" (Respondent 1). CSR also has been perceived as an integral part of Islamic banking; Islamic banking and CR is always an integral part... no such things as separation. The moment you set up a business entity or banking entity or whatever, the key thing of *Zakat* kicks into place, that is automatically" (Respondent 9). The *Zakat* here refers to Business *Zakat*, one type of *Zakat* which is an obligatory for all types of businesses as long as Muslims have interests in that business regardless the business makes profit or loss. The position of *Zakat* in CSR management process in Bank Islam is considered importance due to the significance amount of CSR fund is derived from *Zakat* fund.

Another conception given by respondents on CSR is about giving back to society and as a tool to help and develop communities (Respondent 7, Respondent 9, Respondent 12, Respondent 14, Respondent 15, and Respondent 16). Respondent 16 states that; "... CSR is more to... for profit oriented organization such as Bank Islam and other organizations. We are making profit in this country. So, we have to contribute to the well being of the local communities. Generally, from corporate organization this matter goes along that line... we are taking and then we giving back to society. The same goes to Islamic perspective... *Zakat*" (Respondent 16). Interestingly, some of respondents view CSR as part of business agenda; "For the company (bank), top management acknowledges that CSR is part of business agenda" (Respondent 19). Interestingly, this statement also has been stressed by one of the respondent saying that CSR is now becoming part of business agenda among other government linked companies (GLCs) member; "GLC in certain area, they also start making CR as part of their agenda for the whole year" (Respondent 9). Therefore, the above findings demonstrate that CSR is about any actions that the bank does to be responsible banker to all stakeholders and there is no universally accepted and clear definition of CSR (Argandona & Hoivik, 2009; Clarkson, 1995; Jamali, 2008; Nehme & Wee, 2008). However, many CSR scholars agree on the principles of CSR which is about doing business sustainability, ethically, responsible to all stakeholders well being and will be influenced by environmental (internal and external) factors (Argandona & Hoivik, 2009; Clarkson, 1995; Panapanaan et al., 2003).

Furthermore, the finding suggests that there is no conflict between the concept and value of universal CSR with Islamic perspective. However, the main difference of Islamic CSR and universal CSR is the integration of *aqidah* (belief and faith – foundation of *Shariah)* in the CSR practices (for example - paying *Zakat*) which cover the religious responsibility and humanities responsibility (CSR); "I am not seeing these two concepts (western and Islamic) have a lot of difference elements. It is just that in Islamic perspectives, it comes from *Aqidah*. For instance, *Zakat* is not just having an element of wealth distribution but it integrates religious element which comes from God and also part of Muslims' obligation" (Respondent 16). This finding

8

aligns with the standards proposed by the AAOFI that Islamic financial institutions (IFI) need to fulfill five responsibilities (religious, economic, legal, ethical, and discretionary responsibilities) in carrying out all social activities. Since the bank has engaged in CSR (paying *Zakat*) from the date of incorporation (which is more than 30 years now), this provides an avenue for this study to illustrate the framework (Figure 1) on CSR management process in Bank Islam.

In discussing CSR management process from Islamic perspectives, this study integrates the commitment of religious responsibility by complying all *Shariah* requirements from *Tawhid* paradigm in designing and implementing CSR as well as incorporating other existing models (Maignan et al., 2005; Maon et al., 2009; Panapanaan et al., 2003; Werre, 2003) to draw the framework. This framework comprises four phases: environmental scanning, designing, implementing, and control and evaluation. The four phases incorporate ten steps:(1) accessing external factors; (2) discovering organizational conditions/norms/value; (3) identifying stakeholders and their issues; (4) confirming with *Shariah* principles; (5) determining the organization's CSR framework/policies; (6) assessing current practices; (7) setting objectives, strategies, and policies of CSR initiatives; (8) implementing CSR initiatives with accordance to *Shariah* principles; (9) monitoring and gaining stakeholders' feedback on CSR initiatives; and (10) Measuring CSR initiatives. Hopefully, the emerging guideline will enrich the existing body of knowledge of CSR by providing in-depth understanding on how good CSR initiative is being decided and implemented and also suitable to any organizations that want to conduct CSR in strategic way to optimize the benefits and values of CSR. In general, the proposed framework also affirms that CSR practices are unique and different companies practice different CSR strategies and approaches (Argandona & Hoivik, 2009; Hanke & Stark, 2009). This statement has been supported by Argandona and Hoivik (2009) "there is no set of universal "best practices" in CSR" (p.229). This phenomenon may be able to be explained by some internal and external factors of the bank that influence CSR practices.

CSR engagement factors
CSR practices of Bank Islam may influence by internal and external factors. As a bank with a social face, Bank Islam should do more CSR activities than other organization; "Bank Islam, as an Islamic organization, the bank should conduct more CSR activities than other banks" (Respondent 16). Previous literature also states that nature or type of industries (Amran & Devi, 2008) also give some influence to CSR initiatives and according to study by Abdul Rashid and Ibrahim (2002), financial sector showed more positive attitudes towards CSR than in the telecommunication, manufacturing or construction sectors because the financial sector believed that by CSR engagements will also improve the long run profitability of the company. In conducting CSR initiatives, the bank needs sufficient amount of CSR fund; "I think whatever it is, the budget (CSR fund) comes first. The money is supposed to be there" (Respondent 22). There are four sources of CSR fund: (i) *Zakat* fund (biggest allocation); (ii) donation fund; (iii) non-compliance *Shariah* income; and (iv) purification fund.

Firstly, *Zakat* fund is established after the bank pays *Zakat* amount (determine by accountants with approval of *Shariah* Supervisory Council and management team) to *Zakat* authorities and some of *Zakat* amount has been refund to the bank by *Zakat* authorities. Normally, the rate of refund is 3/8 or 4/8 of *Zakat* paid, base on the consensus of *Zakat* authorities. At Bank Islam, *Zakat* fund is managed by *Zakat* committee and the members of this committee comprised

representative of several business unit and division. The major recipients of this fund are three groups of beneficiaries *(asnaf);* which are the hardcore poors *(fuqara'),* the poors *(masakin)* and for Allah's Cause *(fisabilillah).* Secondly, the donation fund is derived from three sources; donation from bank (part of advertisement and publicity expenses). This is the budgeted amount that is allocated after rounds of debates in the budget challenge of the bank and coordinated by Finance Division under Chief Financial Officer (CFO). Basically, CSR budgeting is prepared at two levels; bank level (yearly basis) and project level (including in the project's proposal). Thirdly, non-compliance *Shariah* income is derived from three sources; unavoidable transaction, credit cards and syndication. Lastly, purification fund is established after conducting *Shariah* audit or any other mechanism to find any transactions that break *Shariah* rules and principles. All these funds will establish a sufficient amount of money in CSR fund to conduct CSR activities. A variety of pools in CSR fund is created by Bank Islam to conduct a variety of CSR events to various stakeholders.

Moreover, other internal factors such as the value and attitudes of management team towards CSR; "The current management team is more proactive in term of involvement in community's activities" (Respondent 7). This statement has been agreed by other Respondents such as Respondent 6, Respondent 15, Respondent 17, Respondent 23, Respondent 24 and Respondent 25). In Islamic perspectives, the manager's good personality and ethics such as capability and honesty (Quran 12:54-56) are very crucial in contributing to a great organization and survive in competitive environment (Salleh, 2001). There is a shared view amongst all respondents (especially to all bank's officers) that the CSR practices in the bank has been improved due to commitment and involvement of all members in the bank; "so far...in term of commitment, cooperation wise is very good" (Respondent 7). Employees may be willing to get involved and support the CSR initiatives inherently if they understand and aware about the concept of CSR (Maignan et al., 2005; Maon et al., 2009). Educating them (Beekun, 1997; Lu & Castka, 2009; Werre, 2003) through workshop, seminar and conference related to CSR is a chance for employees to create personal awareness and share the issues and knowledge of CSR across the organization.

Furthermore, the division has to maintain a good relationship with media players as part and parcel of image building; "Now, we engage somebody who is expert in branding. We hire a branding advisor to handle this matter. He will connect us with media and newspaper operators. Previously, we don't have a good relationship with media. That relationship we don't manage it wisely. That is why previously, Bank Islam's name is not exposed to the public (not well recognized) as compared to now" (Respondent 16). In addition, the Reporting Unit has been established under Corporate Communications Division to produce an informative and attractive Annual Reports of the bank. The findings align with the previous literature which suggests that Corporate Communication Department needs to have a good relationship with media of getting the positive stories released and work together with investor relation unit to produce annual reports (Waddock, 2009). These efforts are designed to enhance awareness of organization's CSR indicatives (Maignan et al., 2005; Werre, 2003) and to increase the organizations' image in the eyes of public.

For external factors, Bank Islam has a variety of stakeholders including external and internal stakeholders and their issues should be identified and handled carefully. Some of stakeholders that have been mentioned by respondents (Respondent 1, Respondent 6, Respondent 7, Respondent 9, Respondent 19 and Respondent 24) like employees, local communities (especially poor and underprivileged), government agencies, schools, universities, regulatory bodies in Malaysia as well as environment. All of these stakeholders have a variety of issues and demands. The bank always tries to establish strategic alliance with third parties such as State Religious Council, federal and state government agencies and also local communities to select a right target group. Furthermore, the branch networks are also responsible to propose the name of beneficiaries because normally these branches have better capability to know well its surrounding community. In addition, according to the 2010 Annual Report of Bank Islam, the bank states their main stakeholders in the following:

> The heart of our business lies in serving people and when this is achieved, symbiotic benefits are realized. By supporting our stakeholders in the environment where they live, work and play, Bank Islam helps realize a stable society on which it can then nurture long-term business success. The goal of the bank's Corporate Responsibility ("CR") is to embrace accountability for   the company's actions and encourage a positive impact through CR activities for its   employees, customers, communities and the environment.
>
> (Bank Islam Malaysia Berhad, 2010)

In conducting CSR initiatives, Respondent 1 and Respondent 19 mention that the bank focuses on four pillars: (1) workplace/employee; (2) marketplace; (3) communities; and (4) environment. Interestingly, the focus of the bank is aligned with the four dimensions defined in the Bursa Malaysia CSR Framework – marketplace, workplace, environment and community. Furthermore, in doing so, the bank give more priorities to community; "we have more on community. I think this area is we focus more... we have orphanage, build new home to underprivileged and many more (Respondent 1). She added that; "this is the main target, because community projects cover education program in term of destitute also part of community, from health and indisposition also part of community, homeless also part of community issues... the coverage of community is wide" (Respondent 1). This argument has been agreed by several other respondents such as Respondent 6, Respondent 16 and Respondent 19. However, this finding is contradicted to the CSR disclosure research by theme which is normally companies in Malaysia are tend to disclose more CSR information on human resources (workplace) and product/services (marketplace) as compared to community involvement and environmental issues (Abdul Rahman, Md Hashim, & Abu Bakar, 2010; Abdul Rashid & Ibrahim, 2002; Janggu, Joseph, & Madi, 2007; Muhammad Jamil et al., 2003; Ramasamy et al., 2007; Said et al., 2009; Saleh et al., 2010; Teoh & Thong, 1984; Thompson & Zakaria, 2004). This conflicting result may support the argument that CSR disclosure may not be enough to explain how the companies engage and sustain the relationship and contribution to stakeholders (Maignan et al., 2005) and may be the bank refuse to disclose or report those information (Mohd Ghazali, 2007).

In Malaysia context, Muslims community perceive Bank Islam as a charitable organization; "so, Bank Islam, as Islamic corporate citizen. Being that, the expectation of people... you have to do that. If they want to build a mosque... they will come and ask bank for contribution. This situation is the same with what goes to the poor and underprivileged people... including universities and homeless people. So, besides they rely on the government, next is corporate...

11

Islamic corporate citizen .... is carrying the name. That is the reason" (Respondent 8). Many studies in Malaysia also affirm that the socio-cultural elements such as beliefs/religion, attitudes, customs, values and norms of society in which the organization operates also influence the CSR practices (Dusuki & Yusof, 2008; Saleh et al., 2010; Zulkifi & Amran, 2006). Hence, as an Islamic business entity, Bank Islam has an obligation (religious obligation) to pay Business *Zakat* to *Zakat* authorities in Malaysia. Respondent 8 concludes that CSR is more determined by *Zakat*; "It is more determined by *Zakat*. How much we pay (*Zakat*)?" (Respondent 8). Furthermore, in Malaysia context, where most of conventional banks also offer Islamic banking system, Bank Islam as a pioneer in Islamic banking should reposition itself to get competitive advantage by conducting CSR. This argument has been highlighted by Respondent 9, Respondent 12 and Respondent 17; "... people point the word CR becomes important role... repositioning in the industry" (Respondent 9). Then, being a government linked company (GLC), Bank Islam should follow all requirements and guidelines proposed by regulatory bodies that govern GLCs; "I think after the Silver Book has been introduced to the GLC, it (CSR) starts boost... so called, understanding or realization of the important of CR activities. That is one of key contributor" (Respondent 9).

Specifically, Bank Islam follows Silver Book Guideline for CSR reporting and the objective of doing so is to share this practice (using *Zakat* fund to conduct CSR initiatives); "We follow Silver Book... in term of reporting and so on. Again, in Islam, if we conduct charity, we should not propagate. But, what we are trying to share this. Actually, if we can share this experience to the industry... we hope that more participations from the industry. I think that has been successful. For example, *Zakat* is simple...the moment people realize that *Zakat*... mean... the organization can use *Zakat* fund to contribute to CR activities" (Respondent 9). Moreover, Islam urges for truthfulness in disclosing all information whether such information could give a good or bad image to the organizations (Maali et al., 2006). Thus, the concept of *Tawhid* requires Islamic business entity to be transparent and full disclosure of the operation (e.g. Quran 2:42; 4:33; and 87:7) to maintain the good relationship with Allah (SWT), other human beings and the environment as well as to promote its corporate ethical identity (Haniffa & Hudaib, 2007). For bank Islam, Respondent 1, Respondent 7, Respondent 12, Respondent 17, Respondent 19, Respondent 24 and Respondent 25 mention that among the channel of communications that can be used like internal email, internal portal, bank's meeting, bulletins, progress reports, and magazines for internal stakeholders. For external stakeholder's purposes, formal organizational documents such as annual reports, separate CSR reports, and brochures have been used as to communicate CSR initiates. In addition, newspapers, electronic media and traditional advertising (e.g. campaign) is widely used to keep updates the stakeholders of their CSR activities. However, in Islamic perspectives, the objectives of communicating and reporting are to show the *Shariah* compliances have been taking care and to demonstrate the responsibility, accountability and transparency with beyond the society and include Allah and environment (Haniffa & Hudaib, 2007).

Hence, from the above discussion, the bank should carefully examine the internal and external factors to manage CSR effectively. Discovering internal factors of CSR engagement may help the bank to integrate CSR as part of the DNA of the bank; "....we can have all... I think it is more towards... if you embedded the culture of corporate responsibility as part of your DNA" (Respondent 9). This is because the natural alignment of CSR initiatives with business strategy

and planning; "... all the products and the actions that we do, are already in line with business strategy" (Respondent 1). Again, the beauty of this practice is translated when the CSR elements embedded in the bank's policies of financing; "when we evaluate the credit facility, we take that into account (CSR) in decision making process" (Respondent 9), products' development; "... so, our product is always tied to CR and our product has some CR quality in need. It starts from there" (Respondent 1), and combining the CSR events with business event or vice versa; "CSR is ... when the product will be launched, normally we combined the event with CSR activities, invite orphanage to join the event" or "if we have CSR event in school, we invite also parents to join the event. For instance, talk about Islamic banking... we have to do like that... that is business strategy" (Respondent 17). Meanwhile, The objective of examining external factors to alert the management team about the main issues and trends the organizations faced (Werre, 2003) and in order to increase the sensitivity to outside issues, Werre (2003) introduced two methods, which are stakeholder dialogue and scenario analysis.

Benefits of engaging and sustaining CSR
Arguably all business players recognize the benefits of engaging and sustaining CSR initiatives. In general, the impact of CSR in Islamic perspectives can be observed through social, economic and environment effects. On top of that, CSR engagement can fulfill the Islamic principles and values by paying business *Zakat*. First of all, majority of respondents to list some: (Respondent 1, Respondent 6, Respondent 7, Respondent 11, Respondent 12, Respondent 15, Respondent 17, Respondent 18, Respondent 19 and Respondent 22) affirm that CSR is a tool for image building to the bank. "Now, what will the community look at them (BIMB Pokok Sena)? How will the community look at them? They are really in that community. It is enough to build a house in a year... but now we build three houses in that community. So, people start thinking that it is something... Oh my God, Bank Islam concerns with us" (Respondent 1). Respondents 9 also responds the same line; "As long as the CSR initiatives undertaken by the bank are perceived as central, distinctive, and enduring, they will contribute to the prestige of the bank and that's is why we believe apart from giving back to society, CSR initiatives is good for the reputation of the bank" (Respondent 9). In short, the study indicates that CSR engagement can improve companies' reputation and image in the eyes of public (Abdul Rashid & Ibrahim, 2002; Amran & Siti Nabiha, 2009; Cooke, 2010; Dusuki & Abdullah, 2007; Haniffa & Cooke, 2005; Maignan et al., 2005; Saleh et al., 2010; Zulkifi & Amran, 2006).

Furthermore, by having CSR activities, the bank has a chance to know its customers and community surrounding for marketing strategy (Respondent 1, Respondent 6, Respondent 7, Respondent 9, Respondent 12, and Respondent 16. If the bank knows its customers, it is easy for bank to penetrate the market and promote products and services of the bank; "When we know the local communities, it is easier for us to do market analysis. It because, nowadays, the bank has various types of products and services... so, we have to know which target group for certain products and services. Then, we can defense our self" (Respondent 7). This phenomenon can drive to increase sales figure as well as profitability of the bank. This finding align with the previous study that CSR practices are believed can improve corporate financial performance (Frooman, 1997; McPeak & Tooley, 2008; Orlitzky et al., 2003; Simpson & Kohers, 2002; Waddock & Graves, 1997).

In addition, Respondent 9 believes that CSR can contribute to value/brand proposition; "People may use (CSR)... feel that CSR gives some positive impacts. In term of contribution to their brand positioning" (Respondent 9). This statement has been asserted by other respondents like Respondent 6, Respondent 8 and Respondent 17. All of these efforts are done for sustainability of the bank; "It (CSR) is very important to Bank Islam in ensuring sustainability of the bank" (Respondent 1). Hence, CSR is a vehicle in a business journey (continuity and sustainability) (Respondent 9, Respondent 17 and Respondent 19). Therefore, any organizations that engage and sustain in CSR initiatives are having a chance for long-term survival through competitive advantage (Amran & Siti Nabiha, 2009; Dusuki & Abdullah, 2007; McPeak & Tooley, 2008).

Conclusions

In Islamic perspectives, the concept of CSR is governed under the concept of *Taqwa/Tawhid* and *Shariah* paradigm. Islamic CSR has already integrated five types of responsibilities - religious, economic, legal, ethical, and discretionary responsibilities. The integration of religious elements in conducting CSR activities of Bank Islam Malaysia Berhad, provide an avenue for this study to gain insights the practices and management of CSR initiatives and also to understand the factors and benefits of engaging such activities. The proposed managerial framework will help the bank or any other companies to manage CSR in effective way for sustainability of the business. By using qualitative case study approach, all CSR key players in the bank as well as the beneficiaries of the CSR initiatives were interviewed. In this study, the purpose of involving the beneficiaries is to get their feedbacks and perspectives on the values and the impacts of CSR programs to them. Furthermore, several in-field observations and also documentation analysis were employed to overview the whole process. The findings of the study suggest that CSR is a new terminology to the bank but the practices of CSR has been engaged since the date of incorporated because the bank does not fail to pay *Zakat* regardless of profit or loss and the introduction of Silver Book. Hence, the study affirms that CSR practices in the bank have been shifted to be more structured and are well planned. Interestingly, the notion of CSR in Bank Islam is highly related to *Zakat* and *Zakat* management due to significant amount of CSR fund is derived from *Zakat* fund. In addition, several respondents agree that CSR is about giving back to society and part of business agenda. However, in term of CSR activities, the focus is more on community projects and this finding is relatively in conflict with the previous literature on CSR disclosure and reporting that suggests normally companies in Malaysia tend to disclose more CSR information on human resources (workplace) and product/services (marketplace). This conflicting result may provide rooms for future research to examine the factors and motives of disclosing CSR information. In light to the factors and benefits of CSR engagement, most of respondents indicate that involvement and commitment from all members in the bank including top management is important to improve the image and brand value of bank.
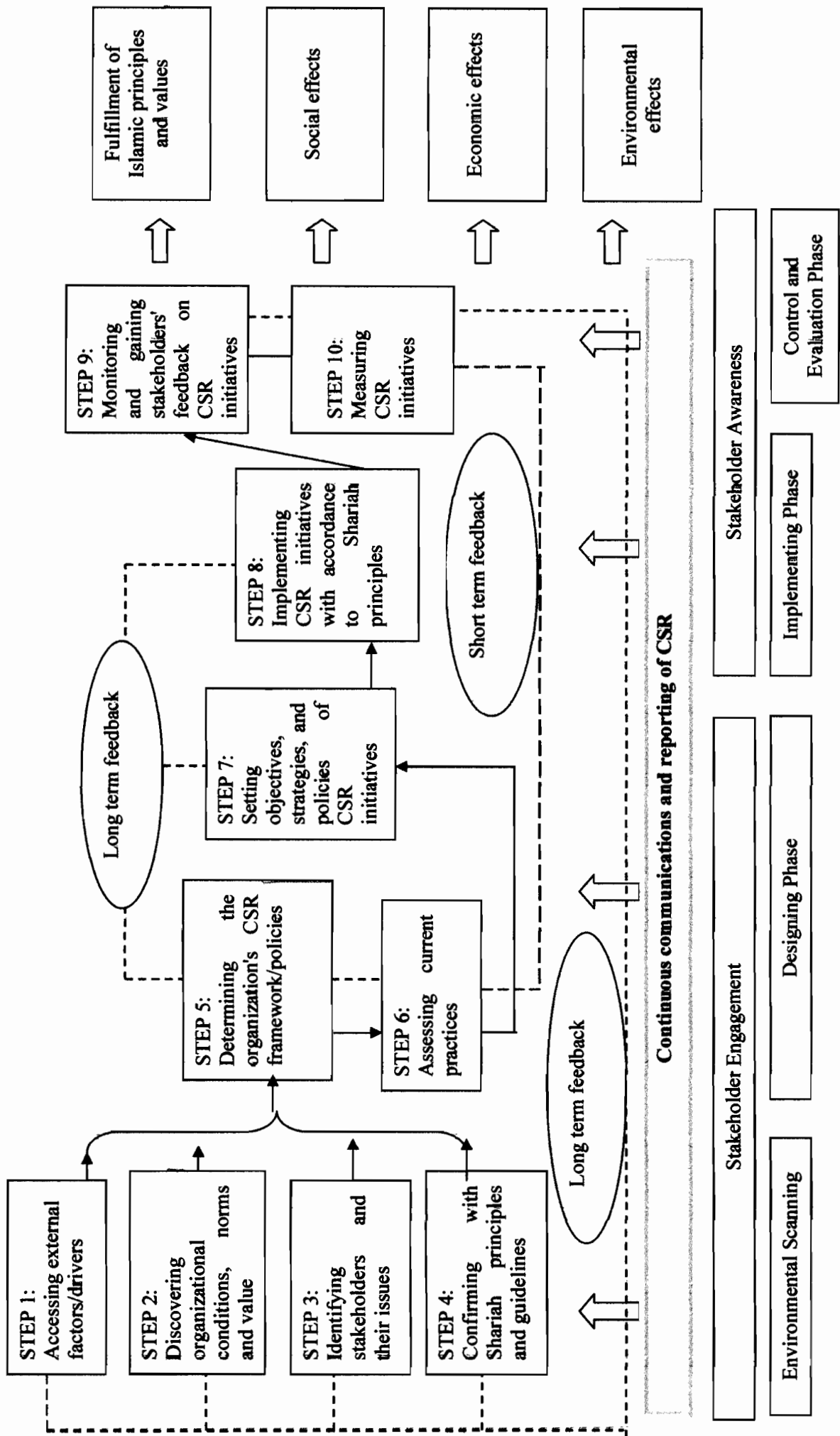
14

Figure 1: CSR Management Process from Islamic perspective

15

References

Abdul Rahman, A., Md Hashim, M. F. A., and Abu Bakar, F. (2010), "Corporate social reporting: A preliminary study of Bank Islam Malaysia Berhad (BIMB)", *Issues in Social and Environmental Accounting,* Vol. 4 No. 1, pp. 18-39.

Abdul Rashid, M. Z., and Ibrahim, S. (2002), "Executives and management attitudes towards corporate social responsibility in Malaysia", *Corporate Governance,* Vol. 2 No. 4, pp. 10-16.

Afridi, M. M. R. K., and Navaid, M. I. (Eds.). (2006), *Morality under Quran,* Anmol Publication Pvt. Ltd., New Delhi

Ahmad, S. F. (2001), "The ethical responsibility of business: Islamic principles and implications", in Ahmad, K and Sadeq, A. M. (Eds.), *Ethics in Business and Management: Islamic and Mainstream Approaches,* Asean Academic Press, London, pp. 189-206.

Amran, A., and Devi, S. S. (2007), "Corporate social reporting in Malaysia: A political theory perspective", *Malaysian Accounting Review,* Vol. 6 No. 1, pp. 19-44.

Amran, A., and Devi, S. S. (2008), "The impact of government and foreign affiliate influence on corporate social reporting: The case of Malaysia", *Managerial Auditing Journal,* Vol. 23 No. 4, pp. 386-404.

Amran, A., and Siti Nabiha, A. K. (2009), "Corporate social reporting in Malaysia: A case of mimicking the west or succumbing the local pressure", *Social Responsibility Journal,* Vol. 5 No. 3, pp. 358-375.

Argandona, A., and Hoivik, H. (2009), "Corporate social responsibility: One size does not fit all. Collecting evidence from Europe", *Journal of Business Ethics,* Vol. 89, pp. 221-234.

Bank Islam Malaysia Berhad. (2010), *2010 Annual Report,* Bank Islam Malaysia Berhad, Kuala Lumpur.

Beekun, R. I. (1997), *Islamic Business Ethics,* International Institute of Islamic Thought, Herndon, VA.

Beekun, R. I., and Badawi, J. (2005), "Balancing ethical responsibility among multiple organizational stakeholders: The Islamic perspective", *Journal of Business Ethics,* Vol. 60, pp. 131-145.

Bursa Malaysia. (2007), *Corporate Social Responsibility in Malaysian PLCs: 2007 Status Report,* Bursa Malaysia Berhad, Kuala Lumpur.

Carroll, A. B. (1979), "A three-dimensional conceptual model of corporate performance", *Academy of Management Review,* Vol. 4 No. 4, pp. 497-505.

Carroll, A. B. (1989), *Business and Society: Ethics and Stakeholder Management,* South-Western Publishing Co., Ohio.

Carroll, A. B. (1991), "The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders", *Business Horizons,* Vol. 34 No. 4, pp. 39-48.

Clarkson, M. B. E. (1995), "A stakeholder framework for analyzing and evaluating corporate social performance", *Academy of Management Review,* Vo. 20 No. 1, pp. 92-117.

Cooke, D. (2010), "Building social capital through corporate social investment", *Asia-Pacific Journal of Business Administration,* Vol. 2 No. 1, pp. 71-87.

Creswell, J. W. (2007), *Qualitative Inquiry and Research Design: Choosing Among Five approaches* (2nd ed.), Sage Publications Inc., Thousand Oaks.

Du, S., Bhattacharya, C. B., and Sen, S. (2010), "Maximizing business returns to corporate social responsibility (CSR): The role of CSR communication", *International Journal of Management Reviews,* Vol.12 No. 1, pp. 8-19.

Dusuki, A. W. (2008), "What does Islam say about corporate social responsibility (CSR)?" *Review of Islamic Economics,* Vo. 12 No. 1.

Dusuki, A. W., and Abdullah, N. I. (2007), "Maqasid al-Shari'ah, maslahah and corporate social responsibility", *The American Journal of Islamic Social Sciences,* Vol. 24 No. 1, pp. 25-45.

Dusuki, A. W., and Yusof, T. F. M. T. M. (2008), "The pyramid of corporate social responsibility model: Empirical evidence from Malaysian stakeholder perspectives", *Malaysian Accounting Review,* Vol. 7 No. 2, pp. 29-54.

El-Bannany, M. (2007), "A study of determinants of social disclosure level in UK banks", *Corporate Ownership and Control,* Vol. 5 No. 1, pp. 120-130.

Freeman, R. E. (1984), *Strategic Management : A Stakeholder Approach,* Pitman Publishing Inc., Boston.

Frooman, J. (1997), "Socially irresponsible and illegal behavior and shareholder wealth: A meta-analysis of event studies", *Business and Society,* Vol. 36 No. 3, pp. 221-249.

Hanafy, A., A., and Sallam, H. (2001), "Business ethics: An Islamic perspective", in K. Ahmad and A. M.Sadeq (Eds.), *Ethics in Business and Management: Islamic and Mainstream Approaches,* Asean Academic Press, London, pp. 169-187.

Haniffa, R., and Cooke, T. E. (2005), "The impact of culture and governance on corporate social reporting", *Journal of Accounting and Public Policy,* Vol. 24, pp. 391-430.

Haniffa, R., and Hudaib, M. (2007), "Exploring the ethical identity of Islamic banks via communication in annual reports", *Journal of Business Ethics,* Vol. 76 No. 1, pp. 97-116.

Hanke, T., and Stark, W. (2009), "Strategy development: Conceptual framework on corporate social responsibility", *Journal of Business Ethics,* Vol. 85, pp. 507-516.

Hemphill, T. A. (2004), "Corporate citizenship: The case for a new corporate governance model", *Business and Society Review,* Vol. 109 No. 3, pp. 339-361.

Hond, F. d., Bakker, F. G. A. d., Neergaard, P., and Gond, J.-P. (2007), "Managing corporate social responsibility in action: Reconciling rhetorical harmony and practical dissonance", in Hond, F. D., Bakker F. G. A. d. and Neergaard, P. (Eds.), *Managing Corporate Social Responsibility in Action: Talking, doing and measuring,* Ashgate Publishing Limited, Surrey.

Jamali, D. (2008), "A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice", *Journal of Business Ethics,* Vol. 82 No. 1, pp. 213-231.

Janggu, T., Joseph, C., and Madi, N. (2007), "The current state of corporate social responsibility among industrial companies in Malaysia", *Social Responsibility Journal,* Vol. 3 No. 3, pp. 9-18.

Khoo, H. H., and Tan, K. C. (2002), "Using the Australian Business Excellence Framework to achieve sustainable business excellence", *Corporate Social Responsibility and Environmental Management,* Vol. 9 No. 4, pp. 196-205.

17

Loqman, M. (2001), "Islamic ethics in management", in Ahmad, K. and Sadeq, A. M. (Eds.), *Ethics in Business and Management: Islamic and Mainstream Approaches*, Asean Academic Press Ltd., London.

Lu, J. Y., and Castka, P. (2009), "Corporate social responsibility in Malaysia - Experts' views and perspectives", *Corporate Social Responsibility and Environmental Management,* Vol. 16 No. 3, pp. 146-154.

Maali, B., Casson, P., and Napier, C. (2006), "Social reporting by Islamic banks", *Abacus,* Vol. 42 No. 2, pp. 266-289.

Mahalingam, E. (2009), "CR needs to be driven from the top", *The Star,* 31 October.

Maignan, I., Ferrell, O. C., and Ferrell, L. (2005), "A stakeholder model for implementing social responsibility in marketing", *European Journal of Marketing,* Vol. 39 No. 9/10, pp. 956-977.

Malaysian Institute of Management. (2009), *MIM CSR Survey Report 2009*, MIM CSR Survey Research Team, Kuala Lumpur.

Maon, F., Lindgreen, A., and Swaen, V. (2009), "Designing and implementing corporate social responsibility: An integrative framework grounded in theory and practice", *Journal of Business Ethics,* Vol. 87, pp. 71-89.

Maon, F., Lindgreen, A., and Swaen, V. r. (2008), "Thinking of the organization as a system: The role of managerial perceptions in developing a corporate social responsibility strategic agenda", *Systems Research and Behavioral Science,* Vol. 25 No. 3, pp. 413-426.

McElhaney, K. (2009), "A strategic approach to corporate social responsibility", *Leader to Leader,* Vol. 2009 No. 52, pp. 30-36.

McPeak, C., and Tooley, N. (2008), "Do corporate social responsibility leaders perform better financially?", *Journal of Global Business Issues,* Vol. 2 No. 2, pp. 1-6.

Merriam, S. B. (1988), *Case Study Research in Education,* Jossey-Bass Inc., San Francisco.

Mohammed, J. A. (2007), *Corporate Social Responsibility in Islam,* Unpublished doctoral dissertation, Auckland University of Technology, New Zealand, available at: *www.kantakji.com/fiqh/Files/Companies/z136.pdf (accessed at 18 Jun 2011).*

Mohd Ghazali, N. A. (2007), "Ownership structure and corporate social responsibility disclosure: Some Malaysian evidence", *Corporate Governance,* Vol. 7 No. 3, pp. 251-266.

Muhamad, R. (2007), "Corporate social responsibility: An Islamic perspective", paper presented at the the Global Academy of Business and Economic Research, Bangkok, available at: http.eprints.um.edu.my (accessed at 1 July 2011).

Muhammad Jamil, C. Z., Alwi, K., and Mohamed, R. (2003), "Corporate social responsibility disclosure in the annual reports of Malaysian companies: A longitudinal study", *Social and Environmental Accounting Journal,* Vol. 22 No. 2, pp. 5-9.

Muwazir, M. R., and Muhamad, R. (2006), "Islamic business organization (Ibos) and corporate social disclosure (CSD): A Tawhidic paradigm", paper presented at the International Conference on Environment Challenges of Service Industry in Asia Pacific, Bukit Tinggi, Indonesia.

Naqvi, S. N. H. (1981), *Ethics and Economics: An Islamic Synthesis*, Islamic Foundation, Leicester.

Nehme, M., and Wee, C. K. G. (2008), "Tracing the historical development of corporate social responsibility and corporate social reporting", *James Cook University Law Review,* No. 15, pp. 129-168.

Orlitzky, M., Schmidt, F. L., and Rynes, S. L. (2003), "Corporate social and financial performance: A meta-analysis", *Organization Studies*, Vol. 24 No. 3, pp. 403-441.

Panapanaan, V. M., Linnanen, L., Karvonen, M.-M., and Phan, V. T. (2003), "Roadmapping corporate social responsibility in Finnish companies", *Journal of Business Ethics*, Vol. 44 No. 2/3, pp. 133-148.

Patton, M. Q. (1990), *Qualitative Evaluation and Research Methods* (2nd ed.), Sage Publications Inc., Newbury Park.

Ramasamy, B., and Hung, W. T. (2004), "A comparative analysis of corporate social responsibility awareness: Malaysian and Singapore firms", *The Journal of Corporate Citizenship*, Vol. 13, pp. 109-123.

Ramasamy, B., Ng, H. L., and Hung, W. T. (2007), "Corporate social performance and ethnicity: A comparison between Malay and Chinese chief executives in Malaysia", *International Journal of Cross Cultural Management : CCM*, Vol. 7 No. 1, pp. 29-45.

Reverte, C. (2009), "Determinants of corporate social responsibility disclosure ratings by Spanish listed firms", *Journal of Business Ethics*, Vol. 88 No. 2, pp. 351-366.

Ryan, B., Scapens, R. W., and Theobald, M. (2002), *Research Method and Methodology in Finance and Accounting* (2nd ed.), Thomson Learning, London.

Sachs, S., and Maurer, M. (2009), "Toward dynamic corporate stakeholder responsibility: From corporate social responsibility toward a comprehensive and dynamic view of corporate stakeholder responsibility", *Journal of Business Ethics*, Vol. 85 No. Suppl 3, pp. 535-544.

Said, R., Hj Zainuddin, Y., and Haron, H. (2009), "The relationship between corporate social responsibility disclosure and corporate governance characteristics in Malaysian public listed companies", *Social Responsibility Journal*, Vol. 5 No. 2, pp. 212-226.

Saleh, M., Zulkifi, N., and Muhamad, R. (2010), "Corporate social responsibility disclosure and its relationship on institutional ownership: Evidence from public listed companies in Malaysia", *Managerial Auditing Journal*, Vol. 25 No. 6, pp. 591-613.

Salleh, M. R. (2001), "Robust work ethics for the technology-intensive work environment", in Ahmad, K. and Sadeq, A. M. (Eds.), *Ethics in Business and Management: Islamic and Mainstream Approaches*, Asean Academic Press Ltd., London.

Scapens, R. W. (2004), "Doing case study research", in Humphrey, C. and Lee, B. (Eds.), *The Real Life Guide to Accounting Research: A Behind -the-Scene View of Using Qualitative Research Methods*, Elsevier Ltd., Oxford, pp. 257-279.

Simpson, W. G., and Kohers, T. (2002), "The link between corporate social and financial performance: Evidence from the banking industry", *Journal of Business Ethics*, Vol. 35 No. 2, pp. 97-109.

Smith, N. C. (2003), "Corporate Social Responsibility: Whether or how?", *California Management Review*, Vol. 45 No. 4, pp. 52-76.

Teoh, H. Y., and Thong, G. (1984), "Another look at corporate social responsibility and reporting: An empirical study in a developing country", *Accounting, Organizations and Society*, Vol. 9 No. 2, pp. 189-206.

Thompson, P., and Zakaria, Z. (2004), "Corporate social responsibility reporting in Malaysia: Progress and prospects", *The Journal of Corporate Citizenship*, Vol. 13, pp. 125-136.

Waddock, S. A. (2009), *Leading Corporate Citizens: Vision, Values, Value Added* (3rd ed.), McGraw-Hill/Irwin, New York.

Waddock, S. A., and Graves, S. B. (1997), "The corporate social performance-financial performance link", *Strategic Management Journal*, Vol. 18 No. 4, pp. 303-319.

Waller, D. S., and Lanis, R. (2009), "Corporate social responsibility (CSR) disclosure of advertising agencies. An exploratory analysis of six holding companies' annual reports", *Journal of Advertising,* Vol. 38 No. 1, pp. 109-121.

Werre, M. (2003), "Implementing corporate responsibility -- The Chiquita case", *Journal of Business Ethics,* Vol. 44 No. 2/3, pp. 247-260.

Williams, G., & Zinkin, J. (2010), "Islam and CSR: A study of the compatibility between the tenets of Islam and the UN Global Compact", *Journal of Business Ethics,* Vol. 91 No. 4, pp. 519-533.

Wood, D. J. (1991), "Corporate social performance revisited", *Academy of Management Review,* Vol. 16 No. 4, pp. 691-718.

Yin, R. K. (2009), *Case Study Research: Design and Methods* (4th ed. Vol. 5), Sage Publications, Inc., Thousand Oaks.

Zulkifi, N., and Amran, A. (2006), "Realising corporate social responsibility in Malaysia", *Journal of Corporate Citizenship,* No. 24, pp. 101-114.

APPENDIX 1
Profile of respondents in the interview study

Respondent	Position	Group	Gender	Description
1	Assistant General Manager, Corporate Communications	1	Female	Former AGM of Corporate Communications
2	Beneficiary of Home Project 2010, Kampung Kuala Pai, Pokok Sena, Kedah	3B	Female	
3	Beneficiary of Home Project 2010, Kampung Mata Ayer, Pokok Sena, Kedah	3B	Female	
4	Beneficiary of Home Project 2010, Kampung Mata Ayer, Pokok Sena, Kedah	3B	Male	Husband of respondent 3
5	Beneficiary of Home Project 2010, Kampung Mata Ayer, Pokok Sena, Kedah	3B	Female	Daughter of respondent 3
6	Staff of BIMB Pokok Sena (Special Grade)	2	Male	Committee member of Home Project 2010, Pokok Sena, Kedah
7	Branch Manager, BIMB Pokok Sena	2	Female	Host branch manager of Home Project 2010, Pokok Sena, Kedah
8	General Manager - Strategic Relations, Managing Director's Office	1	Male	Chairman of *Zakat* Committee
9	Assistant General Manager, Strategic Planning Managing Director's Office	1	Male	Representative of General Manager of Bank Islam
10	Principal, Sekolah Kebangsaan Haji Hassan Itam	3A	Female	PINTAR program (2008-2010)
11	Psychology Officer, Student and Alumni Affairs Department, UUM	3A	Male	Responsible officer in managing *Zakat* contribution of Bank Islam in UUM
12	Relationship Manager (Cash Management)	2	Male	Bank's officer in managing *Zakat* contribution of Bank

21

				Islam in Northern Region
13	Branch Manager, BIMB UUM	2	Male	Host branch manager of *Zakat* contribution in UUM
14	Deputy Vice-Chancellor (Student and Alumni Affairs), UUM	3A	Male	Representative of UUM in managing *Zakat* contribution of Bank Islam
15	Branch Manager, BIMB Kulim	2	Male	Host branch manager of Home Project 2011, Kulim, Kedah
16	Head, *Shariah* Department	1	Male	Secretary of *Shariah* Supervisory Council (SSC)
17	Regional Consumer Business Manager Kedah/Perlis	2	Male	Committee member of any CSR initiatives in Kedah/Perlis
18	Kulim Social Welfare Officer, Pejabat Kebajikan Masyarakat Daerah Kulim	3A	Male	Responsible officer in managing Home Project 2011, Kulim, Kedah
19	Assistant Manager, Corporate Responsibility, Corporate Communications	2	Female	Bank's officer in managing CSR initiatives pertaining to *Zakat* fund
20	Principal, Sekolah Kebangsaan Kuala Kupang, Kedah	3A	Male	PINTAR Program (2012)
21	Vice Principal I, Sekolah Kebangsaan Kuala Kupang	3A	Male	PINTAR program (2012)
22	Assistant General Manager, Central Finance, Finance Division	2	Female	Member of *Zakat* committee
23	Manager, Accounting and Operations, Finance Division	2	Male	
24	Executive Officer, e-Channel Department,	2	Female	Secretary of Kelab Kebajikan Bank Islam
25	Clerk, e-Channels,	2	Female	Committee Member of Kelab Kebajikan Bank
26	Beneficiary of Home Project 2011, Kulim, Kedah	3B	Female	Invigilator of Rumah Cahaya Sungai Tengas, Kulim, Kedah
27	Beneficiary of Home Project 2011, Kulim, Kedah	3B	Female	Resident of Rumah Cahaya Sungai Tengas, Kulim, Kedah

Note: The respondent number is according to chronological order of interview sessions